

From: Tom Reyburn [REDACTED]
To: Sheree Chang [REDACTED]
CC: Carson Oliver [REDACTED], Vivek Murali [REDACTED], Chris Campbell [REDACTED]
BCC:
Subject: Re: ERB Consideration - Amazon FreeTime Unlimited (1324809509)
Attachments:
Sent: 04/06/2018 11:36:24 PM 0000 (GMT)

Here's the full list of feedback from App Review:

We got feedback from the ERB that they had the following concerns:

- 4.7 - Not appropriate to pay for these as part of a subscription
- 3.1.2(a) the subscription is for 3rd party apps, not their own
- 3.2.2 - Store within a store

We also found the additional following rejection issues during review of the app:

- 2.2.0 - Current version is for test purposes. Amazon states in Review Notes: The goal of this build is for us to get it approved so we can test In-App purchase functionality in a production environment (we have been working with Apple for this). We will not be releasing this build to customers. Also, the home screen contains "beta" in title.
- 3.1.1 - Provides access to a paid service that's not part of a carveout (html5 games) and signup (the sign-in button goes to a standard amazon page where user can create an account if they want to).
- 2.3.10 - MT mentions "Android".
- 1.3 - Using Touch ID for parental gates

I'll set up a call with Bill from the review team to deliver the news to Amazon next week.

Cheers,
Tom

On Apr 6, 2018, at 4:13 PM, Sheree Chang <[REDACTED]> wrote:

Thanks Tom. Pls keep us posted as you get more info

On Apr 6, 2018, at 4:01 PM, Tom Reyburn <[REDACTED]> wrote:

Thanks Sheree. I had a brief conversation with Emily after the meeting and there are some issues we'll need to work through with Amazon, but I need to get the details from Trystan on the specifics. I'll be talking to him later today. Sounds like the primary issue appears to be that the games Amazon is including are not all owned or exclusively licensed by them for the app which would preclude them from being allowed into the subscription offering under 3.1.2(a). I'll update this thread once I get the details.

Cheers,
Tom

On Apr 6, 2018, at 1:51 PM, Sheree Chang <[REDACTED]> wrote:

p.s. I'm assuming Tom and/or Chris will want to run point on the follow-up but if not, I'm happy to

On Apr 6, 2018, at 1:50 PM, Sheree Chang [REDACTED] wrote:

Has anyone followed up with the folks at ERB to get a status update yet? I believe the meeting is usually 10-11am.

On Apr 6, 2018, at 9:29 AM, Carson Oliver < [REDACTED] > wrote:

Hi all,

I spoke with Emily and she recommended modifying the language in the email - see below.

Thanks for all of your thoughtful input. I'm going to send to Matt, Emily, and Trystan shortly. Please feel free to text or call me if you have any additional concerns.

Carson

--

Hi all,

In advance of today's ERB meeting, we wanted to bring to your attention a new subscription service that Amazon is planning to launch on iOS in late May.

Amazon FreeTime Unlimited is a subscription for kids that offers unlimited access to over 10,000 kid-friendly videos, books and apps/games. In addition to the content, FreeTime provides parents with extensive controls to limit screentime and track progress against goals. FreeTime launched on Google Play last year, and is also available in Amazon AppStore. For the iOS launch, Amazon is planning to offer the service for \$6.99/month. (For reference, there are numerous purchase options on Fire including an offer for Prime Members at \$2.99 per month.)

Background

Business Management (Chris) and DR (Tom) have been working closely with Amazon across many of their apps and subscription services, including Amazon Prime Video, Amazon Shopping, Amazon Music and FreeTime. They are also closely engaged with Peter Stern's Video team as it relates to their video subscription offering. The partnership with Amazon has been running smoothly to date. Regarding FreeTime, they first demo'd the service to us in Seattle in January. They then brought a team to Cupertino in March to demo to a larger group from the App Store.

Concerns

Based on the last meeting in Cupertino, some internal concerns were raised by other members of the Business Management team about the service. The primary concern is that the FreeTime service offers access to HTML5 versions many Kids apps and games that exist in the App Store. This includes some of our most popular kids apps, such as Disney's Frozen Free Fall ([REDACTED] in App Store billings last year), Disney Junior Appisodes ([REDACTED] in billings last year), Monument Valley ([REDACTED]) and a host of Toca Boca titles ([REDACTED]) and the Endless Learning series by Originator ([REDACTED]). These HTML5 versions are largely indistinguishable in use and performance from the standalone apps available on the App Store.

Given the above details, we're unclear whether this service complies with App Review Guideline 4.7. From an App Store business perspective, the launch of this service raises concerns about the potential loss of control of curation and discovery of our Kids app catalog.

Ahead of any potential discussion about FreeTime at ERB, we wanted to make sure you were aware of the details of the service as well as the concerns raised by the App Store team. Please let us know if you have any questions about the above.

Thanks,
Carson

On Apr 5, 2018, at 11:05 PM, Carson Oliver <[REDACTED]> wrote:

Hi Tom,

Thanks for your feedback. The intent of the email isn't to be anti-competitive, but to provide the leadership team with additional details on the FreeTime service (notably around the HTML5 games and apps) to help inform the policy decision, as well as to highlight the potential impact to the App Store's business that the service might have. This is feedback that we've back asked to provide to Matt and others in the past to inform ERB decisions.

I absolutely agree with you that we want our customers to have the ability to purchase or subscribe to the apps that provide the best value and customer experience. However, guidelines like 4.7 were put in place to protect the user experience provided by the App Store and, in cases of rapidly evolving technology, like HTML5 games, I think it's our responsibility to ensure that our policies continue to evolve to protect that experience.

Given your anti-competitive concerns about the email, I'll talk to Emily first thing tomorrow to see if she's OK with us providing this type of feedback. If you have other questions or concerns, I'm happy to jump on the phone to chat tomorrow (I'm OOO).

Thanks,
Carson

On Apr 5, 2018, at 9:44 PM, Tom Reyburn <[REDACTED]> wrote:

Thanks for the heads up Carson. The concerns you raise sound anti-competitive to me. The developers who participate with HTML5 games in the FreeTime app have chosen to make those games available through that app in addition to their direct app offerings. It's up to customers to decide how they want to consume that content. As long as the app is in compliance with our App Review Guidelines, customers will choose to purchase or subscribe to the apps that provide the best value and customer experience, and we should strive to promote best apps available to our customers on the App Store.

Tom

On Apr 5, 2018, at 8:29 PM, Carson Oliver <[REDACTED]> wrote:

Hi Tom,

For ease of reading, below is the email that we'd like to send to Matt, Trystan and Emily ahead of ERB tomorrow. Please let us know if you have any concerns.

Thanks,
Carson

In advance of tomorrow's ERB meeting, we wanted to bring to your attention a new subscription service that Amazon is planning to launch on iOS in late May.

Background

Concerns

From a policy perspective, we're unclear whether this service complies with App Review Guideline 4.7, which is an issue we will leave to ERB.

Ahead of any potential discussion about FreeTime at ERB, we wanted to make sure you were aware of the details of the service as well as the business implications raised by the App Store team. Please let us know if you have any questions about the above.

On Apr 5, 2018, at 8:14 PM, Chris Campbell <[REDACTED]> wrote:

APL-APPSTORE 06103744

Tom: As discussed, please see below.

Sent from my iPhone

On Apr 5, 2018, at 7:53 PM, Carson Oliver < [REDACTED] > wrote:

I think we need to have a unified position on this from the Business Management team's perspective, so I don't particularly want to call out individual people or teams. How does this work? (Changes in bold.)

Background

Business Management (**Chris**) and DR (**Tom**) have been working closely with Amazon across many of their apps and subscription services, including Amazon Prime Video, Amazon Shopping, Amazon Music and FreeTime. They are also closely engaged with Peter Stern's Video team as it relates to their video subscription offering. The partnership with Amazon has been running smoothly to date. Regarding FreeTime, Amazon first demo'd the service to us in Seattle in January. They then brought a team to Cupertino in March to demo to a larger group from the App Store.

Concerns

Based on the last meeting in Cupertino, some internal concerns were raised by **other members of the** Business Management team about the service.

I think the email is fairly straightforward and conservative regarding the concerns that Sheree and Vivek have raised. The risk of cannibalization of our kids business is real, so it should be acknowledged, even if it doesn't influence the policy decision.

If you're cool with those changes, please send to Tom so he is aware. I will wait to send to Matt and others till I hear back from you/Tom.

Thanks,
Carson

On Apr 5, 2018, at 7:33 PM, Chris Campbell < [REDACTED] > wrote:

I'm ok with the content but I still think that you should call out that the concerns are coming from the Education/Kids team. Tom and I are comfortable with how things are unfolding and the below sounds like it's a collective concern. I would prefer that you say Tom and Chris in the background section and then pivot to concerns from the Edu/Kids team.

Can we also please share this with Tom before sending. I told him he'd likely see a draft tonight.

Sent from my iPhone

On Apr 5, 2018, at 7:00 PM, Sheree Chang < [REDACTED] > wrote:

I'm ok with this. Please cc all of us

~ Sent from my iPhone while trying not to ignore those around me ~

On Apr 5, 2018, at 6:52 PM, Carson Oliver <[REDACTED]> wrote:

Thanks all. As a compromise, I think we can make email shorter and focus on the facts of the service (notably the HTML5 apps that replicate our kids catalog). We can go into more depth while speaking with Matt next week.

I've drafted a revised version below. If you all are comfortable with the revisions, I'm happy to send as the "neutral" party.

Thanks,
Carson

--

Hi all,

In advance of tomorrow's ERB meeting, we wanted to bring to your attention a new subscription service that Amazon is planning to launch on iOS in late May.

Amazon FreeTime Unlimited is a subscription for kids that offers unlimited access to over 10,000 kid-friendly videos, books and apps/games. In addition to the content, FreeTime provides parents with extensive controls to limit screentime and track progress against goals. FreeTime launched on Google Play last year, and is also available in Amazon AppStore. For the iOS launch, Amazon is planning to offer the service for \$6.99/month. (For reference, there are numerous purchase options on Fire including an offer for Prime Members at \$2.99 per month.)

Background

Business Management and DR have been working closely with Amazon across many of their apps and subscription services, including Amazon Prime Video, Amazon Shopping, Amazon Music and FreeTime. We are also closely engaged with Peter Stern's Video team as it relates to their video subscription offering. The partnership with Amazon has been running smoothly to date. Regarding FreeTime, they first demo'd the service to us in Seattle in January. They then brought a team to Cupertino in March to demo to a larger group from the App Store.

Concerns

Based on the last meeting in Cupertino, some internal concerns were raised by the Business Management team about the service. The primary concern is that the FreeTime service offers access to HTML5 versions many Kids apps and games that exist in the App Store. This includes some of our most popular kids apps, such as Disney's Frozen Free Fall ([REDACTED] in App Store billings last year), Disney Junior Appisodes ([REDACTED] in billings last year), Monument Valley ([REDACTED]) and a host of Toca Boca titles ([REDACTED]) and the Endless Learning series by Originator ([REDACTED]). These HTML5 versions are largely indistinguishable in use and performance from the standalone apps available on the App Store.

From a policy perspective, we're unclear whether this service complies with App Review Guideline 4.7, which is an issue we will leave to ERB.

From a business perspective, the launch of this service raises strong concerns about the potential risk of cannibalization to our existing Kids' business, as well as the loss of control of curation and discovery of our Kids catalog to FreeTime. This service may also pose a competitive threat to Apple's current or future first-party subscription offerings.

Ahead of any potential discussion about FreeTime at ERB, we wanted to make sure you were aware of the details of the service as well as the business implications raised by the App Store team. Please let us know if you have any questions about the above.

Thanks,
Carson

On Apr 5, 2018, at 5:38 PM, Christopher Campbell <[REDACTED]> wrote:

Hi Guys,

I chatted briefly with Carson about this, but overall, I don't feel comfortable being the author of this note. Yes, I own the relationship with Amazon, but almost the entirety of this is coming from your guys' perspective. I obviously see the value there, but again, I don't think those concerns/insights should be coming from me. Also, wherever we land, this should be sent to Tom Reyburn in advance as he's been working very closely with Amazon on the product, and has been engaged with Mary Ann from an App Review standpoint. I think Carson's still mulling how to deliver this, but in terms of my contribution, here's where things stand with Amazon.

Relationships Overview

Tom Reyburn and I are now working with Amazon across many of their services including Amazon Prime Video, Amazon Shopping, Amazon FreeTime, Amazon Music and others. The relationships, which are largely distinct from one another within Amazon, are going very well. We are also engaged closely with Peter Stern, Pete Distad and others on the Video team as it relates to a number of their subscription services.

In terms of FreeTime, they first demo'd the service to us in Seattle in January. They then brought a team to Cupertino in March to demo to a larger group, including developer marketing, editorial, as well as Vivek from the Education side of the business team. Thus far, they've been a great partner. Provided they deliver a product that falls within our guidelines, I would be in favor of supporting this launch. That said, there are concerns from our Education/Kids business team, which are outlined below.

Chris Campbell

□ App Store | One Apple Park Way | [REDACTED] | Cupertino, CA 95014 | [REDACTED]

Developer Resources: developer.apple.com/app-store

This Electronic Mail (e-mail) contains confidential and privileged information intended only for the use of the individual or entity to which it is sent. If the reader of this message is not the intended recipient, or the employee or agent responsible for delivery to the intended recipient, you are hereby notified that any dissemination, distribution, or copying of this communication is STRICTLY PROHIBITED. If you have received this communication in error, please immediately notify the sender by reply e-mail or telephone.

PX-2126.7

On Apr 5, 2018, at 4:50 PM, Sheree Chang <[REDACTED]> wrote:

Chris - Feel free to add your section below and send to Trystan, Matt and Emily. Could you re-iterate that we will be meeting with Matt next week to discuss in more detail? Please make sure to cc Vivek and me. Thanks!

Hi all,

In advance of tomorrow's ERB meeting, we wanted to bring to your attention a new subscription service that Amazon is planning to launch on iOS in late-May.

Amazon FreeTime Unlimited is a subscription for kids that offers unlimited access to over 10,000 kid-friendly videos, books and apps/games. In addition to the content, FreeTime provides parents with extensive controls to limit screentime and track progress against goals. **For the purposes of this email, our primary concern is around the HTML5 apps/games that are included as part of this bundled service.**

Background

(Chris to add a few sentences regarding the broader Amazon / Apple relationship).

In addition to the Amazon AppStore, FreeTime launched on Google Play last year. On iOS, they are planning to offer the service for \$6.99/month whereas there are numerous purchase options on Fire including an offer for Prime Members at \$2.99 per month.

Leveraging five comparable kids subscription services, we anticipate that the FreeTime Unlimited service will generate Y1 revenue on the App Store of [REDACTED]. Should this offer track the annual growth rate of other kids subscription services, FreeTime will be a [REDACTED] revenue generator by Y5.

1. Cannibalization of Existing Kids Apps Business

Last year, apps in the Kids category generated [REDACTED] in revenue through a blend of subscription, paid and freemium apps. Tracking broader shifts in consumer sentiment, paid and freemium apps have grown significantly slower than subscription.

Several of our most popular kids apps and games are included in HTML5 format in the FreeTime Unlimited offer. This includes Disney's Frozen Free Fall ([REDACTED] prior year billings) and Disney Junior Appisodes ([REDACTED] prior year billings), Monument Valley ([REDACTED]) and a host of Toca Boca titles ([REDACTED]) and the Endless Learning series by Originator ([REDACTED]).

Inclusion of roughly 600 apps that exist as individual titles (mostly paid/freemium) on our store will undeniably have a cannibalistic impact to the bottomline of our kids' business and cede control of curation and discovery to FreeTime. While inexact, we are projecting this service to have a Y1 cannibalization impact of [REDACTED], which will extend in subsequent years as consumers continue to shift from paid/freemium to subscription.

<Screen Shot 2018-04-05 at 4.32.43 PM.png>

2. Potential Launch of First-Party Service

Per our experience, the feature set and user experience of FreeTime Unlimited is mediocre - the HTML5 apps and games are watered down versions of their independent titles. Further, as a third-party app, there are limits to the parental controls that FreeTime Unlimited can offer. However, the service does address a real need for parents and kids - a safe, curated, one-stop destination for educational and entertainment.

As our teams increasingly emphasize new first-party subscription offerings and the importance of our ecosystem as one that is [kids/family safe](#), we should view this space as ripe for innovation and a viable new line of business. Sheree and Vivek are presently working on such a proposal that would be directly competitive to this service.

3. Potential Cannibalization to iPad

Complicating the FreeTime offering, is that Amazon is a direct competitor in hardware and specific to this scenario, Kindle eReader and Fire HD. Amazon bundles one-year free of the FreeTime Unlimited service with sales of the kids edition of its Fire tablet. For example, a parent can purchase a Fire HD 7 for \$100 which will include the FreeTime service for one year (■■■■). As Amazon amasses more subscribers to FreeTime on iOS, they will extend their leverage in value they can offer users to switch from iPad to Fire. Reaching parents and kids, Amazon has the opportunity to find a valuable wedge into the tablet ecosystem.

4. Battle for ecosystem dominance

Overall, we believe this is the greatest long-term, strategic risk to Apple. Amazon is actively extending their lead in parental controls, and thereby have the opportunity to gain dominance as the preferred ecosystem with the future generation of users. Since ecosystem switching costs are high, once a child is accustomed to the Amazon/Android OS ecosystem, it will become increasingly more difficult to win them back as an Apple customer https://www.axios.com/amazon-extends-its-lead-in-parental-controls-30435350-8e4f-4126-b226-ceec916380cb.html?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axioslogin&stream=top-stories

Begin forwarded message:

From: Vivek Murali ■■■■■
Subject: ERB Consideration - Amazon FreeTime Unlimited (1324809509)
Date: April 5, 2018 at 4:35:17 PM PDT
To: Sheree Chang ■■■■■

Hi all,

In advance of tomorrow's ERB meeting, we wanted to bring to your attention a new subscription service that Amazon is planning to launch on iOS in late-May.

Amazon FreeTime Unlimited is a subscription for kids that offers unlimited access to over 10,000 kid-friendly videos, books and apps/games. In addition to the content, FreeTime provides parents with extensive controls to limit screentime and track progress against goals. **For the purposes of this email, our primary concern is around the HTML5 apps/games that are included as part of this bundled service.**

Background

(Chris to add a few sentences regarding the broader Amazon / Apple relationship).

In addition to the Amazon AppStore, FreeTime launched on Google Play last year. On iOS, they are planning to offer the service for \$6.99/month whereas there are numerous purchase options on Fire including an offer for Prime Members at \$2.99 per month.

Leveraging five comparable kids subscription services, we anticipate that the FreeTime Unlimited service will generate Y1 revenue on the App Store of [REDACTED]. Should this offer track the annual growth rate of other kids subscription services, FreeTime will be a [REDACTED] revenue generator by Y5.

1. Cannibalization of Existing Kids Apps Business

Last year, apps in the Kids category generated [REDACTED] in revenue through a blend of subscription, paid and freemium apps. Tracking broader shifts in consumer sentiment, paid and freemium apps have grown significantly slower than subscription.

Several of our most popular kids apps and games are included in HTML5 format in the FreeTime Unlimited offer. This includes Disney's Frozen Free Fall [REDACTED] (prior year billings) and Disney Junior Appisodes [REDACTED] (prior year billings), Monument Valley [REDACTED] and a host of Toca Boca titles [REDACTED] and the Endless Learning series by Originator [REDACTED].

Inclusion of roughly 600 apps that exist as individual titles (mostly paid/freemium) on our store will undeniably have a cannibalistic impact to the bottomline of our kids' business and cede control of curation and discovery to FreeTime. While inexact, we are projecting this service to have a Y1 cannibalization impact of [REDACTED], which will extend in subsequent years as consumers continue to shift from paid/freemium to subscription.

<Screen Shot 2018-04-05 at 4.32.43 PM.png>

2. Potential Launch of First-Party Service

Per our experience, the feature set and user experience of FreeTime Unlimited is mediocre - the HTML5 apps and games are watered down versions of their independent titles. Further, as a third-party app, there are limits to the parental controls that FreeTime Unlimited can offer. However, the service does address a real need for parents and kids - a safe, curated, one-stop destination for educational and entertainment.

As our teams increasingly emphasize new first-party subscription offerings and the importance of our ecosystem as one that is [kids/family safe](#), we should view this space as ripe for innovation and a viable new line of business. Sheree and Vivek are presently working on such a proposal that would be directly competitive to this service.

3. Potential Cannibalization to iPad

Complicating the FreeTime offering, is that Amazon is a direct competitor in hardware and specific to this scenario, Kindle eReader and Fire HD. Amazon bundles one-year free of the FreeTime Unlimited service with sales of the kids edition of its Fire tablet. For example, a parent can purchase a Fire HD 7 for \$100 which will include the FreeTime service for one year [REDACTED].

As Amazon amasses more subscribers to FreeTime on iOS, they will extend their leverage in value they can offer users to switch from iPad to Fire. Reaching parents and kids, Amazon has the opportunity to find a valuable wedge into the tablet ecosystem.

Sheree Chang | App Store | 1 Apple Park Way, [REDACTED] Cupertino, CA 95014 | [REDACTED]

Sheree Chang | App Store | 1 Apple Park Way, [REDACTED] Cupertino, CA 95014 | [REDACTED]

Sheree Chang | App Store | 1 Apple Park Way, [REDACTED] Cupertino, CA 95014 | [REDACTED]